

Changes in Cypriot tax legislation The new IP Regime in the Spotlight

Taxation of IP rights

The house of representatives has voted for a number of amendments to the tax laws in order to make Cyprus an even more attractive jurisdiction to international investors. Important changes on IP Regime are highlighted below:

- An 80% exemption on royalty income and capital gains upon disposal of IP
- No recapture system for previously generated losses losses can be carried forward indefinitely
- Gross IP income reduced by expenses incurred for the production of IP income
- Competitive amortization provisions over a 5 year period
- Wide range of qualifying IP rights
- Effective Tax rate of 2% or Less

Qualifying IP Rights include amongst others:

Patents, trademarks/service marks, designs/models, internet domain names, software copyrights, secret formulae, Know-how, work in process R&D, lists, rights, related to scientific, literary or artistic work, rights related to industrial or commercial work.

How to retain settlor control in BVI and Cayman trust structure

BVI and Cayman Islands are British overseas territories. Both jurisdictions are ruled under the English common Law and equity but with some interesting additional provisions so as to make them appealing jurisdictions for establishing trusts.

The BVI and Cayman Island companies and trusts have a wide use in international investing and they are preferable jurisdictions of high net worth individuals.

Demand for Control

The settler is able to retain some control after the trust has been formed. The trustee is considered to be the legal owner of the assets protected by the trust and he acts on behalf of the beneficiaries.

Leap of Faith?

Many individuals who are set as Trustees by the Settlor consider this asset administration as a leap of faith. They need to act on behalf of the Settlor but for the benefit and best interest of the beneficiaries. This many times creates the "Prudent Investor Problem" as the trustee is called to take the risk of the decision on behalf of the Settlor but for the best interest of the beneficiaries.

Prudent Investor Problem

While the usual case of BVI and Cayman Island trusts has been to hold shares in a BVI or Cayman Island company whereas the Company is a shareholder of a family business, the Prudent Investor Problem arises when the trustee wishes to invest away from the family business and therefore alter the make up of the trust assets.

Retention of Control Options

For all the above reasons, the retention of control options for settlors in BVI and Cayman trust structures can be broken down into three categories:

a) *Reserved Power Trusts*

This type of trust enables the Settlor to hold some powers for himself or another (a protector) or to have the ability to approve the trustees power before execution e.g. distribution to a beneficiary. Furthermore, the Cayman Islands have moved a step forward as to as to create a statutory presumption that the settlor intended to create a trust with immediate effect and this presumption will not be rebutted by such reservation of powers to the settler.

Read more [Http://globalserve.com.cy/wp-content/uploads/2010/04/TRUST.pdf](http://globalserve.com.cy/wp-content/uploads/2010/04/TRUST.pdf)

German authorities said to have bought Coutts client data

Another stolen CD containing the stolen confidential details of Swiss bank accounts was bought by the German state of North Rhine-Westphalia.

The state is already notorious for having bought a CD containing bank client data stolen from Credit Suisse in Zurich, which led to the prosecution of hundreds of German taxpayers with undeclared Swiss accounts. Earlier this year the Swiss government issued warrants for the arrest of the three Westphalian tax officials responsible, but the state prime minister defended them as 'only doing their duty'.

This time the victim is said to be the Zurich branch of Coutts, the long-established private bank now owned by the Royal Bank of Scotland. The Financial Times' German edition reported at the weekend that the North Rhine-Westphalia tax authorities had offered EUR3.5 million for the CD, which is said to have been on the market since last November at least. It is touted by its current possessors to contain details of 1,000 German clients.

So far, though, Coutts is denying knowledge of the theft. 'We have no evidence to suggest any such breach has taken place', a spokesperson told the Associated Press newswire.

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News

10 - 11 September 2012, Intax Expo Conference, Moscow (Russia). Mr. Dinos Antoniou, C.E.O., Globalserve Consultants Ltd.

12 - 15 September 2012, KEBE Business Forum Chelyabinsk and Tyumen (Russia), Mr. Dinos Antoniou, C.E.O., Globalserve Consultants Ltd.

17 October 2012, European SME Week Summit 2012 Brussels (Belgium), Mr. Dinos Antoniou, C.E.O., Globalserve Consultants Ltd.

Globalserve Profile

Globalserve Consultants Ltd, is engaged in the area of international tax planning. We incorporate companies from a variety of 23 jurisdictions while focusing on the Cyprus Company which its use is very effective as an onshore jurisdictions with an excellent use towards international tax planning.

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